4.6.6 Sources and Availability of Raw Materials

The main raw materials for the Group are aluminium, stainless steel, delrin (an antistatic plastic material) and perspex (transparent plastic cover). The main components used are mainly:-

(a) motion control components such as servo motor, stepper motor, alternate current ("**AC**") motor and power rollers;
(b) computer parts such as personal computer, monitor and digital/analogue input output cards;
(c) camera components such as charged coupled device ("**CCD**") camera, lens, prism;
(d) pneumatics parts such as cylinder, solenoid, valves and fittings;
(e) vision components such as frame grabber; and
(f) control & electrical parts such as sensors, switches, power supply and wiring materials.

These raw materials and components are sourced locally through local agents and imported mainly from Singapore, Japan and USA.

The Group is not dependent on any single supplier as it obtains its raw materials from various suppliers.

The Directors of PMCB are of the opinion that they will not face any difficulties in obtaining these major raw materials and components.

4.6.7 Modes of Marketing/Distribution/Sales

The Group markets its products locally as well as to other countries including China, USA, Philippines, Ireland, Thailand, Singapore, India and Italy. The sales and marketing activities are spearheaded by the Chief Executive Officer, supported by strong sales and marketing team.

The Marketing and Sales Department of PMCB Group consists of Marketing Division, Sales Division, Design, Promotion and Advertising Division, Customer Care Division and Technical Division. The department is responsible for developing marketing plans, conducting market research and analysis, public relations, handling worldwide distributors, supporting the branch offices worldwide and organising promotional events locally as well as overseas. The presence of PMCB Group in Penang enables the Group to service its customers in the northern region of Malaysia. The Group has also appointed distributors in the southern region of Peninsular Malaysia to establish a presence in the central and southern regions of Malaysia. Agents/distributors are also appointed overseas such as in Singapore, Taiwan and China for PMCB Group to expand its market share overseas. In addition to marketing activities, the distributors also provide technical and after sales support services to the customers with the assistance from PMCB Group.

PMCB Group established a sales representative office in Shanghai, China in January 2002, with the aim to penetrate the markets in the semiconductor and manufacturing industries in China. In addition, it also enables the Group to serve its existing customers who have expanded to China.

4.6.8 Quality Control Procedures

The Group adopts a stringent internal quality assurance policy to ensure that raw materials purchased and products manufactured and supplied to customers are of high quality and meet the specifications and stringent requirements of its customers. The products manufactured are under the supervision of a project manager so as to ensure that the strict quality control procedures are adhered to throughout the manufacturing process. Strong emphasis is placed on continuous improvement to ensure that the products manufactured are of expected quality and conform to the relevant specification of the customers.

In addition, the Group employs up-to-date high-end technology such as image sensor technology to provide high speed three dimension ("3D") scanning in the manufacturing of high quality products. Apart from the state-of-art technology, the Group is equipped with up-to-date range of quality control equipment and tools that include vertical height and steel pin gauge set, calliper, hardness tester and profile projector, amongst others. The comprehensive testing procedures, equipment and tools will ensure high quality and reliability of equipment manufactured.

PMCB imposes stringent quality control procedures throughout the whole production process. All fabricated materials go through quality check before being used in downstream production processes. Interim pre-buy-off and final buy-off quality control procedures are also carried out respectively during the assembly process and prior to shipment of the final products.

To further upgrade and strengthen its commitment to quality, PTSB and PESB have taken pro-active steps to elevate its professionalism approach in the management, design, engineering, manufacturing, logistics & materials management, human resources and quality system management gearing towards achieving the ISO9001: 2000 Quality Management System certification.

4.6.9 R & D

The Group has a R&D team comprising experienced personnel from each of the four main divisions, namely mechanical, vision, control and software to undertake R&D activities. The R&D team is headed by Hong Lai Guan, an experienced Section Manager who is assisted by a team of 12 members. Emphasis is placed on various areas such as product development and design, troubleshooting and designing software modules for project implementation, developing vision software, research on new technologies and sourcing component for new designs.

In order for PMCB Group to stay ahead of its competitors and maintain its competitiveness in the industry, understanding the current market needs and future market trends of the manufacturing and semiconductor industries is vital. PMCB has invested in the necessary infrastructure and facilities set-up to enhance its R&D initiatives with the latest measuring tools and equipment, autocad design software, high speed camera and accessories, mechanical system and components, and other related R&D materials.

Being able to maintain close relationship with their existing customers (mainly MNCs) has enabled PMCB Group to be at the forefront of acquiring information on new technology or development of the industry such as the future trends and requirements of existing and potential customers in terms of the types of products and equipment needed.

4. INFORMATION ON THE PMCB GROUP (Cont'd)

The R&D is an on-going activity in PMCB and is driven by changes in customer specifications and requirements and own market research on the technological changes and outlook within the industry. PMCB is presently working on R&D projects to enhance machine output and performance, durability of IC testing equipment in severe temperature testing condition and upgrading of handlers to test the latest design IC packages. The continuous R&D activities undertaken will benefit the Group's potential and new customers as the Group is committed to provide high quality products.

Apart from the development of new equipment, PMCB Group also has the strength in developing standard software modules for machine control and data automation usage. With these standard software modules, PMCB Group will be able to cut down the time for all future machine development. Such standard software modules can also be sold as a product to other manufacturer of machines and equipment, thus contributing an additional source of income to the Group. R&D is an ongoing process for PMCB Group. In order for the PMCB Group to stay ahead of its competitors, development and updating of skills and technical know-how of the employees are crucial. This is attained via regular in-house and external training programmes.

With a foresight on the impending change in the manufacturing process of the semiconductor industries where tied-line machines or equipment (machine or equipment which is able to perform multiple functions at a time and in a single process) will be introduced to revolutionise future manufacturing processes, PMCB Group intends to undertake further R&D and embark on the production of such equipment in the near future.

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4. INFORMATION ON THE PMCB GROUP (Cont'd)

4.6.10 Key Achievements, Milestones and Awards

Over the years, the Group has received numerous awards as follows:-

Awards	Customers/ Organisation	Year	Recognition
International Supplier of the Year	A well known MNC	1999 and 2000	Excellence in world wide process technology
Partnership Appreciation Award	Unisem (M) Berhad	2000	Outstanding achievements in the manufacturing of high technological products and quality services
Merit Award -MSC-Asia Pacific ICT Awards	Multimedia Development Corporation	2002	Best industrial applications and manufacturing design for distribution information with centralised computer control via vision inspection system and RFID system
Top Enterprise Winner-Enterprise 50 Award	Accenture and SMIDEC	2002	Achievement as Malaysia's enterprising homegrown company, which is well positioned for the future
Deloitte Touche Tohmatsu Asia Pacific Technology Fast 500 Program - Ranked 126th position	Deloitte Touche Tohmatsu	2002	Achievement as one of the fast growing technology companies in Asia Pacific region
Global Top Enterprise Golden Rim Award (Taiwan)	Medium Business Development Association of China	2003	Excellence in entrepreneur performance and business stability
Global Corporate Leader Golden Rim Award (Taiwan)	Medium Business Development Association of China	2003	Excellence in entrepreneur performance and business stability

These prestigious awards are testament of PMCB Group's commitment towards quality and the capability to deliver world class automation equipment.

4.6.11 Interruption to PMCB Group's Operations

There have been no major interruptions to the business of the PMCB Group for the past 12 months preceding the date of this Prospectus.

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4. INFORMATION ON THE PMCB GROUP (Cont'd)

4.7 Major Customers

Major customers (more than 10% of total turnover) of the Group for the financial year ended 31 December 2002 are as follows:

Customers	Length of Relationship (Years)	Percentage of Group's Turnover (%)
A well known MNC (China)*	5	14.53
A well known MNC (Malaysia)*	7	14.81
A well known MNC (Ireland)*	2	12.39
Extreme Semiconductor Equipment (HK) Limited	1	17.14
Unisem (M) Berhad	7	11.30
Total		**70.17**

* *PMCB was unable to obtain the written consents of the said customers for the disclosure of their names in this Prospectus.*

The above major customers accounted for approximately 70.17% of the total turnover of the Group for the financial year ended 31 December 2002 whilst the remaining 29.83% was for other local customers and direct export to other countries such as China, USA, Philippines, Ireland, Thailand, Singapore, India and Italy. PMCB Group has established business relationships with its major customers for several years and believes that it has built up good rapport.

To broaden its customer base, the Group has intensified its overseas expansion by setting up a sales representative office in Shanghai, China in January 2002. The Group's management believes its export sales are poised to improve further with the penetration into the China market. In addition, PMCB Group will also continue to enhance its value added services propositions, improve its service levels and maintain its competitiveness including broadening its products range and to develop a more diversified portfolio of customers and markets in the future, both locally and overseas. Hence, the Board foresees that the Group will not be over dependent on any single customer in the future.

PMCB Group is unable to ascertain its market coverage in the semiconductor and automation industries as the said industries encompass many sub-industries. Furthermore, PMCB Group's products cover a cross section of the electronic industry ranging from semiconductor equipment to material handling and distribution systems. Hence, there are no independent market research consultant nor is there any available published reports on this range of products collectively for the Group to benchmark itself against. There are also no available reports or statistic on semiconductor industry in Malaysia or capital expenditure of companies in the Malaysian manufacturing sector for the Group to be compared with.

Based on the Semiconductor Equipment and Materials International's Report 2001-2002, USD28,065 million (equivalent to RM106,647 million) of semiconductor capital equipment was shipped in 2001 in the global market whereas as per the information obtained from the Department of Statistics, the GDP of the Malaysian manufacturing sector is RM102,276 million. PMCB Group's sales for the financial year ended 31 December 2001 to the semiconductor capital equipment shipped globally and manufacturing sector is approximately RM15.2 million and RM47.7 million respectively. Consequently, based on the said information, PMCB Group's sales represented approximately 0.014% of semiconductor capital equipment shipped in the global market and 0.047% of the Malaysian manufacturing sector GDP.

It should be noted that the semiconductor equipment sales as stated in the Semiconductor Equipment and Materials International's Report 2001-2002 covers the complete range of equipment used in the entire semiconductor manufacturing process divided into front-end processes and back-end processes. Each type of equipment manufactured is process specific. However, there is no market research on the transacted value of equipment sold for each process. The equipment used in the front-end process is more expensive than that of the back-end process and PMCB Group supplies equipment for part of the back-end processes.

4. INFORMATION ON THE PMCB GROUP (Cont'd)

4.8 Major Suppliers

Major suppliers (more than 10% of total purchases) of the Group for the financial year ended 31 December 2002 are as follows:

Suppliers	Length of Relationship (Years)	Percentage of Group's Purchases (%)
Organic Green Sdn Bhd	6	16.17
Equipment Solution Ltd	1	23.42
TOTAL		**39.59**

The major raw materials and components used by the Group are mostly sourced locally through local agents and are imported mainly from Singapore, Japan and USA. Direct imports accounted for approximately 42.80% of the total annual purchases for the financial year ended 31 December 2002. The raw materials and components commonly used in PMCB manufacturing process are easily available from numerous suppliers in Malaysia and overseas. Non-standard components especially fabricated machine parts can be manufactured in-house by PPSB. Therefore, the Group is not dependent on any single supplier and the Directors of PMCB are of the opinion that they will not face any difficulty in obtaining major raw materials and components.

4.9 Approvals, Major Licences and Permits

Approvals, major licences and permits under the possession of the PMCB Group are as follows: -

i) PTSB

No.	Type of Licence	Authorities	Date of Commencement	Date of Expiry	Equity Conditions
1	Manufacturing Licence No. A013022 (Industrial Coordination Act 1975)	MITI	7 June 2001	No expiry date	None
2	Manufacturing Warehouse Licence No. 21388	Kastam Diraja Malaysia	6 September 2001	5 September 2003	None
3	Warehouse Licence No. 32217	Kastam Diraja Malaysia	6 September 2001	5 September 2003	None
4	Trading Licence	Majlis Perbandaran Pulau Pinang	28 December 2002	31 December 2003	None

4. INFORMATION ON THE PMCB GROUP (Cont'd)

ii) PESB

No.	Type of Licence	Authorities	Date of Commencement	Date of Expiry	Equity Conditions
1	Manufacturing Licence No. A013511 (Industrial Coordination Act 1975)	MITI	16 November 2001	No expiry date	None
2	Manufacturing Warehouse Licence No. 21389	Kastam Diraja Malaysia	6 September 2001	5 September 2003	None
3	Pioneer Status	MITI	1 January 2000	31 December 2004	None
4	Warehouse Licence No. 32216	Kastam Diraja Malaysia	6 September 2001	5 September 2003	None

iii) PPSB

No.	Type of Licence	Authorities	Date of Commencement	Date of Expiry	Equity Conditions
1	Manufacturing Warehouse Licence No. 28251	Kastam Diraja Malaysia	27 November 2001	26 November 2003	None
2	Pioneer Status	MITI	1 September 2001	31 August 2006	None
3	Warehouse Licence No. 32231	Kastam Diraja Malaysia	27 November 2001	26 November 2003	None

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4. INFORMATION ON THE PMCB GROUP (Cont'd)

4.10 Related Party Transactions / Conflict of Interest

4.10.1 Promotions of Any Assets Acquired/to be Acquired within Two Years Preceding the Date of Prospectus

Save as disclosed below, none of the Director and/or substantial shareholder of the Company and its subsidiary companies and persons connected to them has any interest, direct or indirect, in the promotion of or in any assets which have, within the two(2) years immediately preceding the date of this Prospectus, been acquired or proposed to be acquired or disposed or proposed to be disposed of or leased or proposed to be leased to the Company or its subsidiary companies or any contract or arrangement subsisting at the date of this Prospectus which is significant in relation to the business of the Company and its subsidiary companies taken as a whole.

PTSB (Acquisition of PTSB)	
Director/Substantial Shareholder	**Nature of Interest**
Chuah Choon Bin	Director and substantial shareholder of PTSB
Tan Boon Teik	Director and substantial shareholder of PTSB
PNS	Substantial shareholder of PTSB
Zainal Abidin Bin Abas	Director of PTSB
Abdul Razak Bin Mohd Tahir	Director of PTSB
Mustaffa Kamil Bin Md. Ismail	Director of PTSB

PESB (Acquisition of PESB)	
Director/Substantial Shareholder	**Nature of Interest**
Chuah Choon Bin	Director and substantial shareholder of PESB
Tan Boon Teik	Director and substantial shareholder of PESB
PNS	Substantial shareholder of PESB
Zainal Abidin Bin Abas	Director of PESB
Abdul Razak Bin Mohd Tahir	Director of PESB
Mustaffa Kamil Bin Md. Ismail	Director of PESB

PPSB (Acquisition of PPSB)	
Director/Substantial Shareholder	**Nature of Interest**
Chuah Choon Bin	Director and substantial shareholder of PPSB
Tan Boon Teik	Director and substantial shareholder of PPSB

4.10.2 Transactions Between PMCB Group And The Directors/Substantial Shareholders

There is no transaction between the Group and the Directors and/or substantial shareholders and persons connected to them, of the Company and their related companies.

4.10.3 Interest in Similar Business

None of the Director and/or substantial shareholder of the Company and persons connected to them has any interest, direct or indirect, in any business carrying on a similar trade as the Company and its subsidiary companies.

4. INFORMATION ON THE PMCB GROUP (Cont'd)

4.10.4 Declaration by the Advisers

AmMerchant Bank hereby confirms that as at the date of the this Prospectus, there is no existing or potential conflict of interest in its capacity as Adviser, Managing Underwriter and Placement Agent to PMCB Group for the Offer for Sale.

Messrs Folks DFK & Co hereby confirms that as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as Auditors and Reporting Accountants to PMCB Group for the Offer for Sale.

Messrs Ghazi & Lim hereby confirms that as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as Solicitors to PMCB Group for the Offer for Sale.

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4. INFORMATION ON THE PMCB GROUP (Cont'd)

4.11 Industry Overview

4.11.1 Overview of the Malaysian Economy

The Malaysian economy entered 2002 on a stronger footing, after recovering from a downturn experienced in the last two quarters of 2001. Riding on the back of the US economy and a stronger outturn in the later half of 2002, the Malaysian economy is expected to register a higher but moderate growth in GDP. The year began with optimism as world economy recovered, led by the US on account of better demand for housing, motor vehicles, increased public expenditure on defence and turnaround in demand for electronics. The high expectations of a strong recovery for the year were, however, marred by a series of uncertainties, particularly a weak second quarter performance, reflecting a slower US GDP growth and lower corporate earnings. With global economic growth intact and supported by a strong domestic sector, Malaysia's economy is expected to further strengthen, particularly during the second half of 2002.

The immediate and major challenge for 2002 is sustaining growth and strengthening macroeconomic fundamentals, post-September 11. The fragile and vulnerable global recovery necessitated a mildly expansionary fiscal stance in order to ensure the growth momentum is sustained. Although, the Government is committed to begin with the move towards a balanced budget in the medium term, abrupt reduction of public sector expenditure is deemed premature in the light of the uncertain external outlook.

The higher GDP growth of 4%-5%, driven by the domestic sector for the second year running, is expected to emanate from increasing contribution of the private sector. The services sector continue to be the leading contributor to economic growth adding 3 percentage points to growth, followed by the manufacturing sector with 1.6 percentage points arising from the turnaround and improvements in global demand for information and ICT products. Spurred by improvements in external demand for electronics exports as well as higher palm oil and rubber prices, private consumption is projected to expand by 5.9% (2001:2.8%), with private investment recovering by 1.8% (2001:-19.9%)

Malaysia's leading edge, however, lies in the highly skilled, educated and trainable labour force with increasing number of knowledge-workers for the high value-add ICT companies. In addition, the annual dialogues between the public and private sectors held to resolve private sector concerns are fine examples of a pro-business and investor-friendly Government in line with the concept of Malaysian Incorporated. This continuous exercise is expected to further facilitate business activities in the country. With technological enhancement within the environment of the upcoming new economy, costs of doing business will be invariably reduced, thereby further increasing the country's competitiveness.

With the mild recovery intact in 2002 and expected to gather momentum in 2003, the world economy is projected to register output growth of 3.7% with trade expanding at 6.6%. The US is forecast to chart a stronger GDP growth of 2.6%, while the euro area is expected to further improve by 2.9%. The Malaysian economy, with the stronger macroeconomic fundamentals already in place and complemented by more resilient corporate and financial sectors, is now poised to benefit from the much-improved global economic environment projected for 2003. Output expansion is anticipated in all sectors of the economy, with GDP envisaged to chalk 6%-6.5%, arising from a broader based economy with growth emanating from a more pronounced role of a revitalized and dynamic private sector. The manufacturing sector is expected to continue its expansion to record 8.5% increase in output and contribute 2.6 percentage points to GDP growth while the services sector, with a projected increase of 5.9%, remains the major contributor to growth with 3.3 percentage points. The construction sector is forecast to expand 4.5% while the agriculture and mining sectors are envisaged to improve by 3.4% and 2.5%, respectively.

The Malaysian economy is envisaged to strengthen in 2003, led by further improvements in both external and domestic demand. On the supply side, all sectors of the economy are expected to register positive growth rates. The anticipated growth in the global economy and world electronics demand will contribute to a more robust and broad-based growth in the manufacturing sector. Overall, real GDP growth is expected to accelerate to 6%-6.5% in 2003.

(Source : Economic Report, 2002/2003)

According to the Malaysian Institute of Economic Research ("**MIER**"), given the uncertain threats of Severe Acute Respiratory Syndrome ("**SARS**") and the aftermath of the Iraq War, the Malaysian economy may be negatively affected as well. MIER projected Malaysia's GDP growth to decelerate to 3.7 per cent in 2003, in view of a foreseeable weakness in the external sector and its impact through domestic linkages. With increased external demand, coupled with further revival of the private sector, the Malaysian economy could expand at a faster pace of 5.4 per cent in 2004. In the worse case scenario, there could be a sharp downturn in the global economy and domestic demand that would dampen Malaysia's economy performance.

(Source : The Malaysian Institute of Economic Research (MIER), Short-term Economic Outlook, 16 April 2003)

4.11.2 Overview of the Malaysian Manufacturing Sector

Signs of a turnaround in the manufacturing sector have become more visible in the second quarter of 2002. After experiencing 11 months of consecutive decline, output of the manufacturing sector has improved from –11% recorded in the fourth quarter of 2001 to bounce back with three straight months of positive growth since April 2002. A steady recovery of the sector is anticipated for the rest of the year, on account of a revival in external demand and sustained growth in domestic consumption.

Manufactured exports are expected to stage a turnaround in 2002, in view of the improving outlook on external demand, particularly in the US and the Asia Pacific region as well as the anticipated recovery of the global electronics industry. With a gradual global economic recovery and a more competitive Ringgit arising from the softening of the US dollar vis-a vis the yen and the euro as well as regional currencies, manufactured exports are poised for a stronger upturn in the second half of the year.

For the year as a whole, manufactured exports are expected to turnaround to register a positive growth of 5.4%, driven by electrical and electronics ("**E&E**") exports, which account for about 70% of total manufactured exports. E&E exports are expected to grow by 6.9% (2001: -13.5%). Similarly, exports of the non-electronic industries are expected to expand by 1.9% (2001: -2.7%), particularly those producing food, chemicals and chemical products, non-metallic products and machinery and transport equipment.

(Source : Economic Report 2002/2003)

The manufacturing and services sectors will continue to be the major contributors to the growth in the Eight Malaysian Plan period. The manufacturing sector is expected to grow at an average rate of 8.9% per annum, with its share to GDP increasing to 35.8% by 2005. With technology transfer and greater R&D efforts, more linkages are expected to be forged between the larger enterprises and small medium enterprises thereby contributing towards sustained growth of the manufacturing sector.

Efforts will continue to be made to enhance the development of new resources of growth in order to diversify and broaden the manufacturing base. The strategic thrust will be to promote greater inter-industry and sectoral linkages in line with industry clusters development approach of the Second Industrial Master Plan. In order to promote the development of the dynamic industrial clusters, the key factors such as critical mass of the entrepreneurial firms, networking capabilities, technology management, technology transition and skill formation will be addressed. The challenge is to generate cluster growth dynamics that mutually adjusts one factor to the other along a high growth path. Greater coordination is required at the state level to stimulate the growth dynamics of clusters and promoting system links within individual region cluster.

(Source : Eighth Malaysia Plan 2001-2005)

4.11.3 Overview of the Semiconductor Industry/Automation Industry

Year 2001 was one of the most difficult years experienced by the semiconductor industry. Global economic conditions withered resulting in the collapse of the end-user electronics markets. The terrorist attacks on 11 September 2001 had exacerbated an already uncertain business environment. As a result, the year ended with speculation about a protracted recovery cycle.

However, year 2002 started with some encouraging first quarter results. World silicon wafer area shipments improved by almost 15% during the first quarter of 2002 when compared with fourth quarter of 2001 area shipments. The silicon wafer area shipments were 1,011 million square inches in the first quarter of 2002, up from the 878 million square inches shipped during the fourth quarter of 2001 and the second quarter in a row in which wafer shipments increased sequentially. Silicon wafer is the fundamental building materials for semiconductors, which in turn, is vital components of virtually all electronic goods, including computers, telecommunication products and the consumer electronics.

Semiconductor Equipment and Materials International ("**SEMI**"), the global industry association of companies that supply manufacturing technology and materials to the world's chip makers, reported worldwide semiconductor manufacturing equipments billings of USD4.05 billion in the first quarter of 2002. The figure is 64 percent below the same quarter a year ago and one percent below the billings for the fourth quarter of 2001. SEMI also reported worldwide equipment orders of USD4.15 billion in the first quarter of 2002. The figure is 36% below the same quarter a year ago but 35 percent above the orders figure for the fourth quarter of 2001.

While the first quarter results emphasize the sharp decline in the worldwide semiconductor equipment market over the past year, on sequential basis, the data also demonstrate that the market has stabilized. Although clear signs of the new market driver remain elusive, the latest monthly data reflects the first sequential worldwide increase in 17 months, providing further evidence that the industry's worst cyclical downturn has bottomed and is forming a new base.

(Source: Semiconductor Equipment and Materials International, March 2002)

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4. INFORMATION ON THE PMCB GROUP (Cont'd)

The table below shows the data on billings, bookings and book-to-bill ratio up to March 2003 :

Year 2002	Billings (3-month Average) USD Billion	Bookings (3-month Average) USD Billion	Book-to-Bill Ratio*
April	814.6	995.6	1.22
May	869.6	1,105.2	1.27
June	927.1	1,171.3	1.26
July	969.1	1,181.9	1.22
August	994.8	1,016.8	1.02
September	1,044.6	831.6	0.80
October	999.9	778.6	0.78
November	976.4	776.7	0.80
December	878.3	826.5	0.94
Year 2003			
January	784.4	739.0	0.94
February	777.7	760.6	0.98
March	857.1	777.3	0.91
April (preliminary)	853.8	737.2	0.86

Note :

* *The SEMI book-to-bill is a ratio of 3-month moving average bookings to 3-month moving average billings for the North American semiconductor equipment industry. A book-to-bill ratio of 1.22 (i.e. April 2002) indicates that for every $100 worth of product billed $122 worth of orders were booked.*

1. *"Billings" refer to billings by the manufacturers of semiconductor equipment.*
2. *"Bookings" refer to monthly orders issued by customers to the manufacturers of semiconductor equipment.*
3. *"Book to Bill Ratio" refers to the ratio of new orders received from customers over products billed to customers during the month.*

According to the respective press releases by SEMI, the developments in billings, bookings and book-to-bill ratio up to April 2003 can be summarised as follows:

(a) "The July bookings data likely reflects renewed questions about the robustness of the economic recovery and the prospects for the consumption of electronics goods. The data is consistent with the recent announcements of reduced capital spending plans by some global chipmakers and supports the consensus of industry analysts projecting market recovery in 2003". *(Source : SEMI press release dated 20 August 2002).*

(b) "The decline in orders was anticipated considering recent announcements from chip and capital equipment manufacturers about the poor visibility for the semiconductor industry in the second half of this year. While bookings are considerably higher than one year ago, the overall order trend is not providing any signal of substantial further improvement this year" *(Source : SEMI press release dated 18 September 2002)*

(c) "As has been the case across the technology sector, the persistence of poor forward visibility continues to hamper the ability to forecast the timing of the next upcycle in capital spending". *(Source : SEMI press release dated 17 October 2002)*

(d) "While there are indications that capacity has been added throughout the current downturn at leading-edge fabs, broader-based capacity expansion has been on hold. This trend will continue into 2003 until semiconductor manufacturers have stronger signals regarding the outlook for chip demand". *(Source : SEMI press release dated 21 November 2002)*

4. INFORMATION ON THE PMCB GROUP (Cont'd)

(e) "The current bookings levels, down from highs earlier in the year, reflect the uncertainty facing the semiconductor industry as the New Year approaches, although the overall mood in the industry is that conditions will improve in 2003". *(Source : SEMI press release dated 18 December 2002)*

(f) "The increased bookings level suggests further capital equipment market stabilization. While the bookings figure is well below the peak levels in 2002, the bookings and billings figures are nearing parity, which is seen as a positive trend". *(Source : SEMI press release dated 21 January 2003)*

(g) "North American suppliers of semiconductor manufacturing equipment continue to see a weak industry environment"..."The current outlook remains uncertain with few indications of a strong rebound in the immediate future". *(Source : SEMI press release dated 18 February 2003)*

(h) "Bookings of new semiconductor manufacturing equipment have remained essentially flat for the last six months and as a result, a number of equipment manufacturers have announced recently plans for further consolidating and restructuring of operations and product offerings" *(Source : SEMI press release dated 18 March 2003)*

(i) "Signs of some improvements in corporate earnings and in the geopolitical environment provide further hope for recovery this year, however, we remain cautious looking out over the near term"..."Orders for final manufacturing equipment have increased for three consecutive months and the book-to-bill ratio for the segment has been above parity for two straight months" *(Source : SEMI press release dated 17 April 2003)*

(j) "Despite hopeful indications in last month figures, orders for new semiconductor manufacturing equipment remain at relatively low levels",,."The April data reflects continuing uncertainty in the broader markets in regards to recovery in consumer and commercial spending" *(Source : SEMI press release dated 15 May 2003)*

Results based on a survey of global semiconductor manufacturers by SEMI indicate a modest recovery is expected to begin next year, growing 15% in 2003 to USD21.8 billion and 21% in 2004 to USD26.4 billion. Survey results indicate an expected flattening of the market in 2005, with growth of 4% to USD27.5 billion. The outlook for a USD3.0 billion market expansion for equipment in 2003 fits the prevailing sentiment that capital expenditures will resume in the latter part of the year as inventories are burned-off and manufacturing capacity utilisation increases.

Worldwide Semiconductor Capital Equipment Market by Equipment Segment ^

Equipment Type	2001 (Actual) USD Billion	2002 Estimate % Change	2003 Forecast USD Billion	2003 Forecast % Change	2004 Forecast USD Billion	2004 Forecast % Change	2005 Forecast USD Billion	2005 Forecast % Change
Wafer Process	20.99	13.44 (36.0)	15.41	14.7	18.69	21.3	19.55	4.6
Assembly & Packaging	1.41	0.99 (30.2)	1.13	14.6	1.40	23.6	1.44	2.7
Test	3.40	2.74 (19.7)	3.20	17.0	3.93	22.8	4.04	2.9
Other	2.23	1.79 (19.6)	2.03	13.0	2.39	18.0	2.47	3.5
Total Equipment	28.03	18.95 (32.4)	21.77	14.9	26.41	21.3	27.51	4.1

Note :

^ *The survey results are given in terms of market size in billions of dollars and percentage of growth over the prior year.*

(Source: SEMI press release dated 4 December 2002)

To the best knowledge of the Directors of PMCB, the semiconductor industry relies heavily on imported automated equipment. We believe a substantial portion of the equipment used by the semiconductor players especially the MNCs are imported mainly from Japan, USA, Switzerland and Korea as these equipment are not easily available locally due to scarcity of local manufacturers. Hence, if local automation company is able to upgrade its manufacturing capabilities similar to what PMCB has achieved, we are able to provide an alternative source for the players to buy local equipment which is less expensive. The market demand is huge if local automation companies can produce high quality and technology equipment. As for the raw materials and components consumption, we believe more than 50% of the requirements are imported.

The Directors of PMCB are also of the opinion that the equipment used by the semiconductor industry is not easily substituted. However, most of the raw materials and components used can be easily substituted and obtained locally through local agents and distributors in Malaysia. If not available locally, it can be easily sourced from overseas.

The Directors believe that there are not many local automated equipment manufacturers having the same set-up and capabilities similar to that of PMCB Group. Hence, there is not much local competition in Malaysia.

Based on the Directors' opinion, apart from the normal manufacturing licence, there are no material government laws, regulations and policies that may govern the semiconductor industry and automation industry.

4.12 Prospect and Future Plans of the PMCB Group

PMCB Group plans to continue the diversification of its products range using its technological expertise. It will also continue to expand and leverage on its four(4) major product lines:-

(a) Semiconductor Standard Equipments;
(b) Material Handling System;
(c) Vision Software System; and
(d) Software Automation System.

In addition, the Group also intends to venture into the development of a few new products as follows:-

(a) Industrial Technology Training System ("**ITTS**");
(b) Warehousing Software and Hardware System; and
(c) IT Industries such as Security System and RFID.

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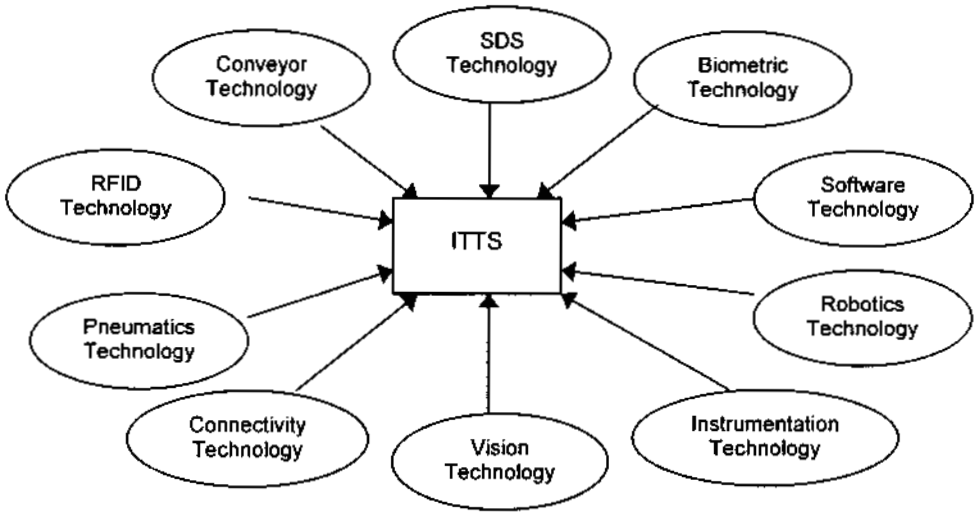
4. INFORMATION ON THE PMCB GROUP (Cont'd)

ITTS

ITTS is a training system aimed at educating individuals on various technologies that are required to design, build and deploy industrial manufacturing solutions. The ITTS architecture is widely deployed and used in various manufacturing industries. It integrates various types of technologies into one comprehensive training system as illustrated below:-



Each technology is highly diverse and is flexible enough to be used by various industries besides manufacturing which makes it an invaluable tool for individual application for various processes.

ITTS architecture serves to train an individual on various technologies and showing them the seamless integration that exist between the various technologies. One of the attractive features of the ITTS is that it provides individuals with hands on experience that will enhance the understanding of the concept and methodologies of each technology. This hands on experience also allows individuals to understand better the practical applications of these technologies, thus enabling them to troubleshoot problems and derive appropriate solutions, particularly during the implementation stage of the various technologies.

Warehousing Software and Hardware System and IT Industries such as Security System and RFID

The Warehousing Software and Hardware System as well as the Security System and RFID are also products currently under development, which will add to the range of existing products of PMCB Group.

The warehousing system provides a comprehensive warehouse management tool for public bonded, distribution and manufacturing warehouses. The system enables inventory accuracy, handles vendor managed inventory processes, reduces carrying costs and streamlines complex Business-to-Business ("**B2B**") fulfilment operations with business partners as well as suppliers.

For convenience and mobility, PMCB Group's warehousing system is able to send out data to various systems, which include desktops, handheld devices and cell phones. The system also provides various interface modules to connect to different system or processes such as messaging, B2B, electronic logistic ("**eLogistic**"), electronic custom form ("**eCForm**") etc. The system also has a tight integration with Microsoft Excel to provide more flexible means to manipulate and generate reports utilising pivot tables and pivot charts.

PMCB Group strives to become a renowned international supplier of automated machines and systems solution provider. To remain resilient in the current competitive environment, PMCB Group will continue to develop up-to-date technology and quality products with least cost and supported with good after sales service. PMCB Group shall continue its R&D activities in order to minimise products cost and to improve product functional capabilities and features.

The Group's export sales contributed approximately 55.60% of the Group's turnover in 2002 and expected to grow in the future. It is the Group's aspirations to increase the export sales to more than 50% of the Group's turnover.

PMCB is currently seeking business opportunities to secure orders for its new range of products. If an order is secured, PMCB is able to roll out the new products within a relatively short period of time.

It is also the intention of the Group to strengthen its position in the local market with further diversification of its customer base as well as to build up international presence in the global market. Thus, to cater for this expansion, the Group has embarked on the following:-

(a) Marketing Strategy

The Group is determined to maintain and expand its market share by continuously setting-up and expanding its sales and marketing network into major cities around the world. PMCB Group believes that by achieving global player status coupled with a diversified product range, it will continue to be an important supplier of automation technology for the semiconductor, manufacturing and IT industries.

Currently, the Group has appointed four(4) distributors to service its customers at their respective locations in the southern region of Peninsular Malaysia, Singapore, Taiwan and China. PMCB Group has set up a sales and service office in Shanghai, China to spearhead its export initiatives into China. As more and more companies are moving and/or expanding their operations to China, PMCB's presence in China, will be invaluable in assisting the Group's establishment in the international arena.

PMCB Group will continue to put efforts in forming manufacturing alliances with Original Equipment Manufacturers by identifying their needs and requirements. In addition to the current semiconductor and computer industries that PMCB Group supplies mainly to, the ability to develop niche products specially to cater for specific industrial use, via continuous R&D activities, will also enable the Group to penetrate new industries such as the automobile, warehousing and IT industries.

The Group will continue to maintain good relationships with its customers who are mainly MNCs. Such close ties have enabled the Group to be at the forefront of acquiring information such as future trends and requirements of the industry. With such knowledge, the Group is able to develop products that meet international demand and standard, thus, enabling the Group to make strong presence in the local and international markets.

In order to increase awareness of its products and services, PMCB Group regularly participates in local and overseas exhibitions. The Group also has its own websites to help promote and market its products.

4. INFORMATION ON THE PMCB GROUP (Cont'd)

(b) Technology Superiority, High Quality and Cost Competitive Products

To remain resilient in the competitive environment, PMCB Group will continue to develop advance technology and high quality products with minimal cost and supported with good after sales service. The Group shall continue to invest in R&D activities in order to drive down the products cost and improve the functions, features and capabilities of the products. Continuous R&D activities are also undertaken to reduce manufacturing time so that products can be delivered to the customers at the shortest possible time.

PMCB Group is using its technology and experiences especially its software knowledge to produce intelligent and automated solutions for its customers. Among the products currently under development are the Traffic Control System and warehousing system which utilises computer intelligent control system, RFID control and monitoring system for heavy industries such as car manufacturing industry, and for security control system such as biometrics, door access and video streaming monitoring system.

Biometrics is the automated use of physiological or behavioural characteristics to determine or verify identity. The solutions offered by PMCB Group utilises biometrics technology to replace conventional security techniques such as passwords and encryptions mechanisms. The system replaces password authentication with fingerprint biometrics authentication to secure desktop, server logons, file and folder access. It also provides means to send secured electronic mail ("**e-mail**"), which is encrypted with biometrics fingerprint signature and to open the said e-mail, the recipient has to provide his biometric fingerprint signature as well.

(c) Excellent and Timely Customer Service Response

The Group believes that one of the key factors in maintaining and expanding its existing customer base is to provide excellent and timely after sales customer services. In order to achieve this objective, appropriate systems and programs have been put in place such as having 24 hours technical service team within the vicinity of customers' operational sites. In areas not covered by internal service team, reliance will be placed on the Group's distributors who are required to assemble a full time service team who are well trained and guided on how to service and operate the Group's machines and equipment. The Group's response time commitment to its customers is less than 12 hours.

Furthermore, to facilitate ease of access by customers, the Group has established a Customer Care Division where customers can contact its Customer Care Consultants through a dedicated hot line service to make enquiry with regards to product enquiry and related machine and equipment problems.

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